

**Reconciliation: a Republican Response**  
**House Committee on Agriculture**  
**Updated November 3, 2005**

**Given the costly challenges facing the nation, why is Congress working to reduce spending?**

- It is exactly because of these challenges that Congress must reduce spending and redirect spending priorities.
- Federal budget deficits have an adverse impact on the entire U.S. economy. Efforts to address deficits should strive to equitably share the pain of the necessary adjustments.
- The House Agriculture Committee is one of eight authorizing committees instructed under this year's budget resolution to reduce mandatory spending over the next five years.
- Mandatory spending today takes up almost 55% of the total federal budget; if left on its current path, in a decade it will consume 60% of the federal budget.
- While ALL government safety net programs—including agriculture—need to be sustainable, the burden of addressing the nation's budget pressures needs to be broadly shared in order to be effective.

**Why is the House Agriculture Committee reducing spending by \$3.7 billion when the budget resolution called for \$3 billion in spending reductions?**

- The nation is facing significant budget pressures and the House is working hard to address them.
- In the House we were asked to do more and we did: \$662 million in FY 2006 and an overall reduction of \$3.7 billion for FY 06-10.
- This represents a 23% increase over the reconciliation instructions from the House Budget Committee.
- We were given our reconciliation obligations and then we exceeded them.
- Given that half the Committee did not work with us to achieve these savings, our task was made all the more difficult.

- Paying for hurricanes and other disaster assistance—in addition to addressing the threat of international terrorism here and abroad—has necessitated targeted reductions in spending by all authorizing committees, including agriculture.
- It is unrealistic to think we can meet the pressing challenges facing our nation without reducing federal spending and redirecting priorities.

### **Just how significant are these spending cuts for agriculture?**

- The federal budget for agriculture accounts for 0.5% of the entire federal budget, yet provides the footing for an industry that contributes 15% of the nation's GDP.
- Over the next five years, \$300 billion will be spent on programs that come under this committee's jurisdiction. We are being asked to reduce mandatory spending by just over 1%.
- This accounts for a very small portion of the overall budget and the Committee has worked hard to ensure that no single program bears a disproportionate amount of the spending reductions.
- Agriculture has always been willing to do its part in terms of fiscal responsibility and has not been singled out to make a greater sacrifice than other sectors of the economy.

### **What about critics who say that food stamps are taking a disproportionate share of the spending reductions?**

- The proposed reductions for the food stamp program account for about half of one percent of the total food stamp budget: \$844 million over five years.
- Put another way, this accounts for a reduction of about half a penny for every dollar spent on the food stamp program.
- While food stamps comprise nearly 60% of the Committee's mandatory spending, it receives less than 25% of the total savings under the package.
- Under the Agriculture Committee's proposal, food stamps are treated separately from other welfare programs. Eligibility requirements are harmonized between federal assistance programs so that food stamp benefits go only to the truly needy. By tightening the eligibility requirements, this legislation ensures that the nation's most needy will continue to receive this federal assistance.
- There is strong support in Congress to provide nutrition assistance for those in need, and the modest changes made in the Committee's package are designed to keep the focus on those the program was designed to serve.

## **Food Stamp Eligibility In-Depth**

### **Categorical Eligibility**

There are two ways to qualify for food stamps under current law:

1. Categorical eligibility
2. Meet certain qualifications on an independent, individual basis

Under the current categorical eligibility standards anyone who qualifies for Temporary Assistance to Needy Families (TANF), is automatically eligible to receive food stamps. Benefits under TANF include both cash benefits and other non-cash benefits like transportation or referral services. Categorical eligibility was designed to ease administrative functions, not simply to ensure that only the nation's most needy receive the benefits they need.

### **Reforming Categorical Eligibility**

- The Agriculture Reconciliation package reforms the categorical eligibility standards to ensure that we are delivering services and funding to the nation's most needy. The Committee's package limits the TANF categorical eligibility to individuals receiving cash benefits.
- If individuals do not receive cash benefits under TANF, then they are not categorically eligible to receive food stamps; however, these individuals can apply directly for food stamps and if they meet the requirements, they will be eligible to receive food stamps. This proposal was included in the President's budget.

### **School Lunches**

- Some news reports have indicated that this provision will take away free lunches from 40,000 children across the nation. These claims are FALSE. The reforms in the Agriculture Committee reconciliation package do not make any changes to the eligibility requirements for free and reduced-price school lunches. Children who are eligible for this program will not be denied.
- The Child Nutrition and Women, Infants and Children (WIC) Reauthorization Act, signed into law by the President last year, made improvements to the child nutrition and school lunch programs. Notably, the law increased enrollment opportunities in the nutrition programs by allowing direct certification for free school lunch eligibility for those students in families receiving food stamps. The bill also simplified and streamlined the application process for families and strengthened program accountability to ensure benefits are provided for children who qualify.
- The reforms in the Agriculture Committee's reconciliation package DO NOT change the eligibility requirements for the school lunch program. While some children may no longer *automatically* become enrolled for free lunch, they will still be able to access the program through the standard application process.

## **Non-Citizen Eligibility**

- Under current law, legal permanent non-citizen residents of the U.S. are eligible for food stamps after five years of residency status. In addition, those legal permanent non-citizens under 18 years of age are eligible for food stamps.
- Upon entering the country as a legal permanent non-citizen, these individuals sign a document indicating that they would not become wards of the state and would not participate in programs such as food stamps. However, this program has been provided to non-citizens.
- The Agriculture Committee reconciliation package extends the time requirement of food stamp eligibility for legal permanent non-citizen residents from five years to seven years.
- After five years, legal permanent non-citizen residents can apply for U.S. citizenship. If approved, they can apply for food stamps immediately. If someone chooses to remain a non-citizen, that choice renders a longer wait time to qualify for food stamps.

## **What are the major differences between the House and Senate versions?**

- The House package is balanced, making broader reductions.
- The Senate version, with its \$1.7 billion in commodity program cuts, causes farmers to bear a lion's share of the cuts in the Senate package.
- The Senate makes deeper cuts in conservation; producers would feel that.
- Because the Senate added additional spending [MILC – milk income loss contract, at a cost of \$998 million], the Senate package costs \$4 billion, which is higher than the final House package.
- The House package reduces direct payments only by 1% for 4 years, while the Senate reduces all commodity payments by 2.5% for five years. In the House, the total reduction in commodity programs, including direct payments and the elimination of the Step 2 cotton program, is \$1 billion over five years.
- In the House reconciliation package:
  - Conservation programs account for \$734 million in savings.
  - Funds provided for research programs in the 2002 Farm Bill contribute \$620 million to the total reduction package.

- Funds provided for energy programs in the 2002 Farm Bill contribute \$23 million in savings.
- Funds provided for rural development programs in the 2002 Farm Bill will be reduced by \$446 million over five years.

### **CHIMPS**

(Changes in Mandatory Spending Programs)

- Why did the House Agriculture Committee eliminate money for programs that were authorized under the 2002 Farm Bill for conservation, rural development, research and energy programs?
- These Agriculture Committee programs have not have been operating in recent years because mandatory funding for these programs has been subject to limits and rescissions by Congressional action. In FY05 alone, nearly \$1.7 billion in Agriculture Committee funding designated for these 2002 Farm Bill programs were diverted by Congressional action.
- This practice of utilizing spending diversions to zero out funding for these programs every year has essentially nullified them.
- Example: **The Rural Strategic Investment Program** (RSIP)
  - RSIP was authorized by Section 6030 of the 2002 farm bill and provided \$100 million of mandatory funds to establish and administer the program. RSIP was designed to provide rural communities with flexible resources to develop comprehensive, collaborative and locally-based strategic planning processes and to implement innovative economic development strategies.
  - For at least the past four fiscal years, funding for RSIP has been blocked. The program's funding was zeroed FY03, FY04, FY05, and FY06.
  - USDA has not promulgated rules to implement the program. The Secretary of Agriculture has not named a National Board on Rural America and the national conference authorized in the farm bill was not convened.
  - We continue to support this program's objectives but the Agriculture Committee's actions do not stopping the program; the decision to make this program inoperable has been made elsewhere.
- We are cutting funds for this and similar programs so that we can avoid cutting other programs that are both operating and important to producers and rural communities. We are, in effect, reclaiming Agriculture Committee funds to help meet Agriculture Committee priorities.

- So despite the fact that the Agriculture Committee authorized RSIP and other programs, the so-called CHIMPS (Changes in Mandatory Program Spending) have kept the programs from operating because their funds have been zeroed out.
- The bottom line: Funding has been unavailable and services and benefits have not been delivered.
- By taking the steps in this package, federal expenditures will be lowered. Additionally, this will close down avenues previously used to divert mandatory funding away from farm bill programs.

## **Conclusion**

- From the beginning of this process it has been the goal of the House Agriculture Committee that no single program should bear a disproportionate share of the cuts.
- The House reconciliation package maintains current farm bill policies (and an agriculture safety net) so that the nation's farmers and ranchers can make decisions with assurances that the policies of the 2002 Farm Bill will remain effectively intact throughout the duration of the Act.
- Putting together reconciliation, like writing a farm bill, requires weighing the diverse interests of production agriculture, trade, conservation, nutrition, research, and rural economic development.
- The House Agriculture Committee's final recommendations are balanced in terms of the impact they will have on these diverse interests.
- Forging such a compromise is never easy, but this reconciliation package continues to provide producers with a stable farm income safety net that allows them to do long-range planning and make the investments needed to compete in an increasingly global economy.

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Talking Points provided by the House Committee on Agriculture Press Shop. Please contact [Alise Kowalski](#) or [John Haugen](#) at 5-2171 for more information.